

DATE: 07/01/93 SALES INFORMATION SYSTEM TIME: 08:43  
SUBJECT: WAKEFERN FOOD CORPORATION SENDER: NICK KURUC 1240

TO: G. P. BUCHAS  
J. T. JONES

ALL DIVISION MANAGERS WITH DIRECT PAY RESPONSIBILITY FOR SHOP RITE  
MEMBER INDIVIDUALLY OWNED OR GROUP STORES

RE: WAKEFERN FOOD CORPORATION

DEAR MANAGERS:

I HAVE BEEN ADVISED ABOUT PHILIP MORRIS PRESENTATIONS BEING MADE TO SHOP RITE MEMBERS REQUIRING THE PLACEMENT OF PACKAGE MERCHANDISERS AND IN SOME INSTANCES THE REMOVAL OF OUR MERCHANDISERS. THIS MORNING IN A CONVERSATION WITH JOHN POLEWKA, BUYER, I ASKED FOR SOME CLARIFICATION ON WHAT IS REQUIRED TO COMPLY WITH THE NEW FM/WAKEFERN CONTRACT. LISTED BELOW ARE WAKEFERN'S REQUIREMENTS TO ITS MEMBERS:

1. FM MUST HAVE 42% (+ OR - 5%) OF THE AVAILABLE CARTON MERCHANDISING SPACE. FM MUST HAVE THE TOP TWO SHELVES ON THEIR FIXTURES. FM WILL CONTIGUOUSLY LOAD ON OUR CARTON MERCHANDISERS.
  2. FM MUST HAVE 42% (+ OR - 5%) ON THE PACKAGE MERCHANDISERS. ON EXISTING PM MERCHANDISERS, THEIR BRANDS MUST BE PLACED ON TOP ALONG WITH SIGNAGE.
  3. MARLBORO MUST HAVE 42% (+ OR - 5%) OF THE SPACE ON EXISTING EXPRESS CHECK-LANE MERCHANDISERS.
  4. BASIC MUST BE STOCKED IN ALL STORES TO QUALIFY FOR PAYMENT.
  5. FM MUST HAVE 42% (+ OR - 5%) OF EXISTING POS.
- THE ABOVE STIPULATIONS ARE THE ONLY REQUIREMENTS TO QUALIFY FOR PAYMENT WHICH WILL BE MADE BY WAKEFERN HEADQUARTERS TO ITS MEMBERS.

CLARIFICATION:

- > MEMBERS ARE NOT REQUIRED TO PLACE ANY ADDITIONAL FM PACKAGE OR CARTON MERCHANDISERS.
- > IT IS NOT REQUIRED THAT FM HAVE LARGER OR MORE MERCHANDISERS THAN RJR.
- > FM DID NOT HAVE TO PAY FOR CO-EXISTANCE SPACE WHEN VERTICALLY LOADED ON OUR CARTON MERCHANDISER, SINCE THIS PROGRAM HAS BEEN IN EFFECT OVER 2 YEARS.
- > CONTRARY TO FM REPORTS, VILLAGE SUPERMARKETS IS NOT SELLING SINGLE PACKS. DESPITE SELLING ONLY 5 PACKS AND CARTONS, VILLAGE WILL RECEIVE THE MAXIMUM PAYMENT.
- > FOODARAMA IS NOT VERTICALLY LOADING FM ON RJR CARTON MERCHANDISERS. AS A RESULT OF THIS PROGRAM, RJR WILL REPLACE TWO (2) FM CARTON MERCHANDISERS CURRENTLY ON LOCATION IN ITS STORES.
- > FM IS ATTEMPTING TO "HOLD A GUN TO MEMBERS HEADS" BY USING QUARTERLY PAYMENTS NOT MADE SINCE 3RD QUARTER 1992 TO GAIN PLACEMENT OF THEIR PACKAGE MERCHANDISERS.

ALL OF THE ABOVE POINTS HAVE BEEN DISCUSSED WITH WAKEFERN. THEY HAVE ASSURED ME THAT THESE SAME POINTS WILL BE BROUGHT TO FM'S ATTENTION TODAY.

I AM FAXING TO YOUR OFFICES A COPY OF THE WAKEFERN PROGRAM ANNOUNCEMENT LETTER FOR USE IN DISCUSSING THIS SITUATION WITH SHOP RITE MEMBER STORES.

PLEASE CALL ME IF YOU HAVE ANY QUESTIONS.

BEST REGARDS,  
NICK  
G. N. KURUC, JR.

CC: ALL SALES PERSONNEL

GK  
M-2

CC: M. A. YOUNG  
J. P. RENEHAN

CC: DAWN

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